

Consumer Price Index

A release from the Province of British Columbia's central statistical agency

REFERENCE DATE: OCTOBER 2013

CONSUMER PRICE INDEX (2002=100)

HIGHLIGHTS

The year-over-year change in the province's consumer price index (CPI) was -0.3% in October. Since the repeal of the HST in April, the overall price level has remained below 2012 levels, as many services are no longer taxable.

The cost of food was 1.3% lower than in October 2012, largely because of a reduction in the cost of restaurant meals (-4.3%). A year-long decline in prices for non-alcoholic beverages continued unabated (-4.1%), and coffee and tea prices (-0.5%) were also down.

Shelter costs, which have been declining since mid-2012, continued to ease (-0.8%), largely because the price of owned accommodation remained on a downward path (-2.0%). Renters paid 1.0% more for their housing, and the cost of utilities such as water, fuel and electricity was up 1.7%.

Consumers paid more for clothing & footwear (+1.8%), household operations & furnishings (+1.3%), and alcoholic beverages & tobacco (+1.0%). The cost of recreation, education & reading materials was only marginally higher (+0.2%) than in October 2012.

Transportation costs were unchanged, as a 3.6% drop in prices at the pump helped offset the effect of higher fares

for public transportation (+2.1%).

Overall, the cost of energy was down 1.8%. Excluding energy prices, the overall price level inched down 0.1% in October.

Prices in Victoria fell 0.5%. In Vancouver, the CPI was unchanged from October 2012.

Canada's inflation rate was 0.7% in October, as prices rose in every province except British Columbia. Quebec's increase was a marginal 0.2%, with inflation rates in other provinces ranging from 0.8% in New Brunswick to 2.2% in Manitoba.

Note: Statistics Canada will release the November Consumer Price Index on December 20, 2013.

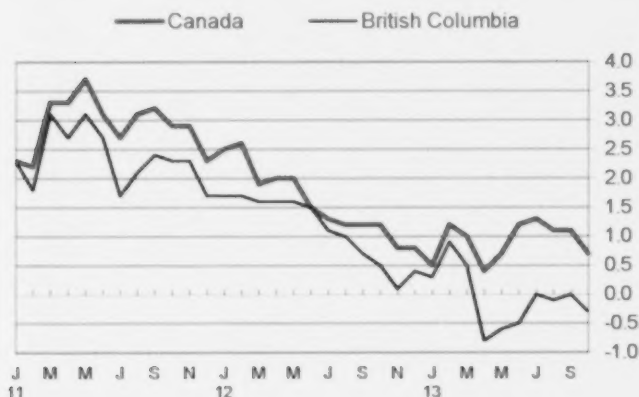
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2002=100	All-Items Index	% Change from	
		September 2013	October 2012
Canada	123.0	-0.2	0.7
BC	117.7	-0.3	-0.3
Vancouver	119.3	-0.3	0.0
Victoria	116.2	-0.3	-0.5
Core Canada ¹	121.6	0.2	1.2
BC (excluding energy)	115.0	0.0	-0.1

¹ The Core CPI for Canada: Defined by the Bank of Canada as the All-items index excluding the eight most volatile components (fruit, vegetables, gasoline, fuel oil, natural gas, mortgage interest, inter-city transportation and tobacco products). Also excluded is the effect of changes in indirect taxes on the remaining components.

BC AND CANADA INFLATION TREND

(% change, same month of previous year)



2002=100	Latest 12-month Average Index (ending in October 2013)	Latest 12-month Average % Change	2012 Annual Average % Change
Canada	122.6	0.9	1.5
BC	117.7	0.0	1.1
Vancouver	119.2	0.2	1.3
Victoria	116.3	-0.3	1.0

TERMS AND DEFINITIONS

BASE EFFECT

The 12-month variation in the CPI is calculated by comparing the current month's index with the index for the same month of the previous year. The 12-month change is represented by the difference in the indexes of the reference months. Thus, the 12-month variation can decrease from one month to the next merely because the base serving as the point of comparison increased.

Source: Statistics Canada

TWELVE-MONTH PERCENT CHANGES

Also referred to as "year-over-year", twelve-month percent changes compare indexes for a given month to indexes for the same month of the previous year. As they compare two points in time, they are influenced by unusual or temporary events that can affect either of the two months. Their calculation does not include any of the intervening monthly indexes.

Source: Statistics Canada

ANNUAL AVERAGE INDEX

Annual average indexes are calculated by averaging index levels over the 12 months of the calendar year. These data should not be confused with the 12-month change in the CPI. By the nature of the calculation, averaging indexes over the calendar year gives a better representation of price behaviour over the whole year and is closer to the concept of an average price. The use of annual averages is considered the preferred option for indexation purposes.

Source: Statistics Canada

LATEST TWELVE-MONTH AVERAGE INDEX

The latest twelve-month average index (ending in the current month) is a 12-month moving average of the

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indexes of the most recent 12 months. It is calculated like the annual average index. Hence, in theory, the December twelve-month average index would be equal to the annual average index for the calendar year. However, in practice, when BC Stats makes these calculations from published data, the December 12-month average index may differ from Statistics Canada's published annual average index due to rounding.

Source: Statistics Canada

HARMONIZED SALES TAX

On July 1, 2010, the Harmonized Sales Tax (HST) came into effect in British Columbia and Ontario. As well, Nova Scotia increased its HST by two percentage points.

On April 1, 2013, the Harmonized Sales Tax came into effect in Prince Edward Island, while British Columbia returned to the Provincial Sales Tax and the Goods and Services Tax.

Source: Statistics Canada

ADDITIONAL INFORMATION

More information about the concepts and use of the CPI is available online in the Statistics Canada publication [Your Guide to the Consumer Price Index](#) (catalogue 62-557-XIB)

With the release of the May 2011 CPI, Statistics Canada has updated the basket of goods & services used in the calculation of the Index. [Learn more](#)

Prepared by: BC Stats, November 2013